September 13, 2002

United States
Telecommunications
Telecom Services - Wireline

Blake Bath
1.202.452.4732
bbath@lehman.com

BellSouth Corp (BLS - $23.20) 1-Overweight

Company Update

Field Trip Highlights

Investment conclusion

- We hosted a field trip to BLS yesterday, where mgmt was upbeat about progress on several fronts, particularly within the Consumer and Business 4Majors. We are maintaining our positive long term outlook on the shares.

Summary

- BLS is optimistic about its 271-approval process, and expects to be marketing in its entire local region by YE02.
- BLS emphasized that their success in entering the LD market through 271 approval offers a considerable advantage over the UNE players.
- Mgmt very enthusiastic about DSL progress. In 2Q, BLS's DSL business for the first time took a greater share of new BB subs than the cable cos. The DSL business is projected to be EBITDA b/e by YE02.
- BLS expressed no interest in an IXC acquisition. Mgmt noted that it views Consumers/SMEs as its prime mkts.
- View BLS as strong value. Co should generate $5-$6B in FCF in 02, and generates a 3.4% dividend yield for investors.

Stock Rating:		Target:	
New:	1-Overweight	New:	30.00
Old:	1-Overweight	Old:	30.00

Sector View: 1-Positive

EPS (FY Dec)

	2001	2002			2003			% Change	
	Actual	Old	New	St. Est	Old	New	St. Est	2002	2003
1Q	0.56	0.54A	0.54A	0.54A	0.54E	0.54E	0.60E	(4)	0
2Q	0.59	0.53A	0.53A	0.53A	0.55E	0.55E	0.53E	(10)	4
3Q	0.61	0.50E	0.50E	0.50E	0.51E	0.51E	0.51E	(18)	2
4Q	0.65	0.53E	0.53E	0.52E	0.56E	0.56E	0.56E	(18)	6
Year	2.41	2.10E	2.10E	2.08E	2.15E	2.15E	2.14E	(13)	2
P/E			11.0			10.8			

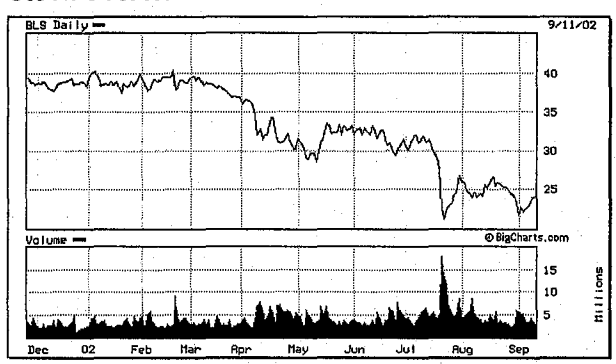
Market Data

Market Cap	43685.6M
Shares Outstanding (Mil)	1883.0
Float	NA
Dividend Yield	NA
Convertible	No
52 wk Range	42.95 - 20.10

Financial Summary

Revenue FY02	28.70
Five-Year EPS CAGR	7.30
Return on Equity	NA
Current BVPS	8.4
Debt To Capital	34.9

Stock Overview



Summary and Investment Conclusion

We hosted a field trip to BellSouth yesterday, and the following highlights are based on presentations by senior management. Despite the difficult operating environment, management was upbeat about progress on several fronts, particularly within the Consumer and Business 4Majors. Though the telecom environment continues to prove extraordinarily challenging, we firmly believe that BellSouth's management team is navigating well and doing the right things to reward equity investors. The company should generate $5-$6B in Free Cash Flow in 2002, and recently increased the quarterly dividend by 5.3%. Moreover, the company has already deleveraged by $2B this year, improving an already-pristine balance sheet and clearing the way to buy back stock without any ratings agency pressure. We reiterate our 1-Overweight on the shares.

Highlights from yesterday's meeting follow, organized according to our 4Major customer segments.

Consumer 4Major Highlights

271 Applications: The company is optimistic about its 271-approval process, and expects to be marketing in its entire local region by the end of the year. Management anticipates FCC approval to provide LD service in 5 states (NC, SC, KY, AL, MS) next week on 9/18, and will file its remaining 2 states (FL and TN) immediately thereafter. We estimate that the five-state application represents 35% of BLS access lines and a $5.7B revenue opportunity. Florida and Tennessee represent an additional $6.1B opportunity and 38% of lines. The company expects to be in all states by December 21, becoming the first Bell to be able to market LD in its entire local region. We view the schedule outlined today as largely in line, but nonetheless a positive given the potential revenue growth contribution, as well as the ability it affords the company to be more competitive against UNE-P based providers.

UNE-P: Regarding UNE competition, the company revealed that in their planning they do not anticipate a near-term resolution to the issue, which represents the company's largest near-term competitive threat. Management anticipates that the FCC's Triennial Review is unlikely to provide any substantial overhaul to the UNE system. However, BellSouth emphasized that their success in entering the LD market through 271 approval offers a considerable competitive advantage over the UNE providers, and they expect that the appeal of Local/LD bundles will obviate their need for a major change in UNE regulations. The company noted that MCI has made a big push in Florida with its "Neighborhood" program, but questions the viability of this effort given the company's financial position coupled with the large upfront investment needed to launch a local strategy.

Consumer Data: Management is particularly enthusiastic about the progress of its DSL business, both from a growth and an economic standpoint. In the second quarter, BellSouth's DSL business for the first time took a greater share of new broadband subscribers (51%) than the cable competition. This represents a sizeable improvement in flowshare versus the year ago period when the company took just 40% of new broadband subs. BellSouth expects to hold 44% of the broadband market by YE02, up 400bps yoy. We note that cable modem competitors had a 2-year head start on BLS in broadband sales.

From an economic standpoint, BLS reports that the DSL business is making excellent progress. The DSL business is projected to be EBITDA breakeven by YE02. Recurring costs have fallen 60% in the past two years, while non-recurring costs have declined 80%. The company believes the business will be solidly EBITDA positive in '03, bolstering overall margins.

Business and Enterprise 4Major Highlights

BellSouth expressed confidence in its positioning in the Business 4Major, and noted that with upcoming LD-entry it is poised to capture significant incremental share in the SME market, which has shown enthusiastic response to LD/local bundles. Importantly, management reported that it has seen a plateau and possible decline in competition from the CLECs in the SME market.

Regarding the Enterprise space, we believe that investors will take it as a positive that the company expressed no interest in pursuing an IXC acquisition strategy. Management noted that it views the Consumer and SME market as the low hanging fruit with which to boost its network utilization. These segments can be grown organically, and are an important precursor to pursuing the Enterprise market in terms of reducing network unit costs to a reasonable level. Management noted that it views the Enterprise customer market as a longer term option.

Wireless 4Major Highlights

Cingular CFO Rick Lindner provided an update on progress at the BellSouth's wireless JV. BellSouth views its Wireless business as a key growth driver and integral to the company's ability to reduce customer churn through bundling opportunities.

As the company recently pointed to softness at Cingular as part of the impetus for the 8/29 guidance revision, mgmt offered additional detail on this front. Regarding the drop in volumes this quarter as a result of the WorldCom bankruptcy, Cingular management detailed that out of 398k WCOM subs at end of 2Q, the company is likely to retain roughly 150k, depending on customer credit quality. However, Cingular stopped recognizing revenue from all WorldCom customers as of the beginning of 2Q, which will impact 3Q revenue growth. Additionally, ARPUs were softer than expected during the first half of the quarter as a larger than expected number of subscribers opted for (and migrated to) the $29 Cingular Nation calling plan as opposed to higher ARPU products.

Management stated that the $70M restructuring at Cingular would be complete by mid-November. As part of the restructuring, the company has eliminated 2,500-3,000 positions out of 36k total headcount. The company has converted Cingular sales markets from 30 geographic regions into 13 larger territories with a commensurate reduction in management and sales overhead. Additionally, Cingular has shuttered 50-70 underperforming stores (although simultaneous store openings have left the total store count roughly stable.)

Management noted that the previous capex guidance reduction at Cingular, from $5.4-$5.8B to the current $4.2-$4.6B reflects (1) reduced capacity building for TDMA, (2) improved vendor/construction pricing, and (3) reduced non-network capex.

Other Highlights from the Trip
Cost Reductions: BLS emphasized that it is successfully stripping significant costs out of the business, keeping the cost structure in line with the growth potential in a weak environment. The BLS cost reduction program, which began in 1Q and should be complete by the beginning of 4Q, will remove 10k jobs, consolidate 60 call centers down to 20, and outsource a number of activities including credit/collections.

Capital Spending: Regarding capital spending, the company reiterated its guidance of $3.7-$3.9B in '02. Management stated that an increase in the capital budget would arise only in the event of a spike in demand in the Data market, but that a rebound in the economy alone would not impact current expectations. The company provided some limited detail around the composition of its capital budgeting program. Of the total 2002 capex budget, which represents about 17% of revenue expectations, management estimates that about 34% is for targeted new technologies. This is important in that it provides evidence that the significant capex reductions that have taken place over the last year have not come at the expense of future opportunities for growth. This roughly 1/3 of the capex budget is designed to boost the strategic capacity of the network to capture future growth opportunity.

Economy and Pricing: BellSouth estimates that any recovery in operating results is likely to lag an economic recovery by roughly 2 quarters. The company noted that Data pricing continues to hold steady, but notes that as companies emerge from bankruptcy pricing pressure could re-emerge. Pricing in the voice market is not increasing in any environment.

VALUATION

We reiterate our 1-Overweight on shares of BellSouth. While the economy continues to make for a challenging operating environment for all of the telcos, we believe that BellSouth is a solid value in the current market and poised to outperform with any economic upswing. At just 11x earnings and a relative P/E in the low 60% range, BLS shares continue to trade at historic lows off of which they have a consistent record of outperformance. We note that the company is generating significant FCF and providing a 3.4% dividend yield. *(Our $30 price target is based on a combination of sum-of-the-parts and relative multiple analyses, available upon request.)*

MegaCap Telecom Services Comps
Financial & Stock Performance

09/13/2002 10:08

SECTOR VIEW: 1-POSITIVE

	Stock Info and Outlook				Earnings, P/Es & Stock Performance									
	Stock Info.				Earnings & P/Es						Stock Price Performance		
		Current	Current	Price	FAS 142 Rep. EPS		P/E		P/E Rel. to S&P500		% Change		
Company	Ticker	Price	Rating	Target	2002	2003	2002	2003	2002	2003	Week	Month	YTD
AT&T Telco - A	T	$12.32	2-Equal Weight	$14	N/A	N/A	N/A	N/A	N/A	N/A	6%	24%	-31%
Sprint - A	FON	$10.03	3-Underweight	$10	$1.40	$1.38	7.2	7.2	0.39	0.42	1%	0%	-49%
Qwest - A,C	Q	$3.65	2-Equal Weight	$8	($0.49)	($0.35)	N/A	N/A	N/A	N/A	13%	224%	-75%
BellSouth - A	BLS	$23.20	1-Overweight	$30	$2.10	$2.15	11.1	10.8	0.61	0.63	7%	-2%	-38%
SBC Com - A	SBC	$24.50	1-Overweight	$35	$2.34	$2.43	10.5	10.1	0.58	0.59	6%	-7%	-37%
Verizon	VZ	$30.60	1-Overweight	$40	$3.09	$3.14	9.9	9.8	0.55	0.57	6%	6%	-35%
IXC Average[2]							N/A	N/A	N/A	N/A	3%	12%	-40%
RBOC Average[3]							10.5	10.2	0.58	0.60	6%	-1%	-36%
S&P 500	SPX	$883			$48.50	$51.50	18.2	17.1	1.00	1.00	1%	0%	-23%

	Enterprise Value, Cashflow & EV Multiples												
	Consolidated Enterprise Value (EV) $ Bil					Cashflow & Growth				EV Multiple & Dividend Yield			
	Shares	Market	Net	Non-Con.	Consol.	EBITDA		% Growth		EV/EBITDA		EV/ A/L	Div Yield
Company	Out.	Cap	Debt	Assets	EV	2002	2003	2002	2003	2002	2003	2Q02	2002
AT&T Telco[1]	3,649	16.6	17.2	0.0	33.7	9.7	8.7	-25.3%	-9.9%	3.6x	3.9x	na	1.2%
Sprint	892	8.9	5.4	0.0	14.3	4.6	4.7	8.8%	2.3%	3.1x	3.0x	$1,726	5.0%
Qwest	1,678	6.1	24.8	0.0	30.9	5.4	5.7	-26.9%	5.2%	5.8x	5.5x	$1,783	0.0%
BellSouth	1,888	43.8	17.0	1.6	59.3	12.7	13.1	-5.8%	3.1%	4.7x	4.5x	$2,358	3.4%
SBC Com	3,338	81.8	24.3	13.6	92.5	21.8	22.5	-2.4%	3.2%	4.3x	4.1x	$1,588	4.4%
Verizon[4]	2,732	83.6	61.9	11.4	134.1	26.8	27.6	-0.1%	3.3%	4.8x	4.6x	$2,221	5.0%
IXC Average[2]										3.3x	3.4x		3.1%
RBOC Average[3]										4.6x	4.4x	$2,055	4.3%

Notes:
(1) T Cashflow, Net Debt, Revenue and all multiples are based on our proforma Bus/Cons (Ex-Broadband) model. We have adjusted the market price of T downward by 0.34*CMCSK price, which was the announced per share value of the Comcast bid for Broadband. Therefore, for example, we have reduced the market price indicated above for T lower by $13.0 and multipled the resulting implied "Telco" value by the number of T shares, added to that the net debt of "Telco" (inc. $3B in ATTC debt)and arrived at a proforma Enterprise Value from which to calculate EV/EBITDA multiples etc.
(2) IXC average is the average of T and FON
(3) RBOC average is the average of BLS, SBC, and VZ
(4) VZ EBITDA excludes 45% of the EBTIDA attibutable to the Vodafone JV.

Company Description:
BellSouth is an integrated communications services company. BellSouth has 25 million core local customers, and 19 million Cingular wireless customers, and extensive Latin American wireless assets.

Company Name:	**Disclosures***	**Ticker**	**Price (9/11)**	**Rating**
BellSouth Corp	A/D	BLS	23.20	1-Overweight

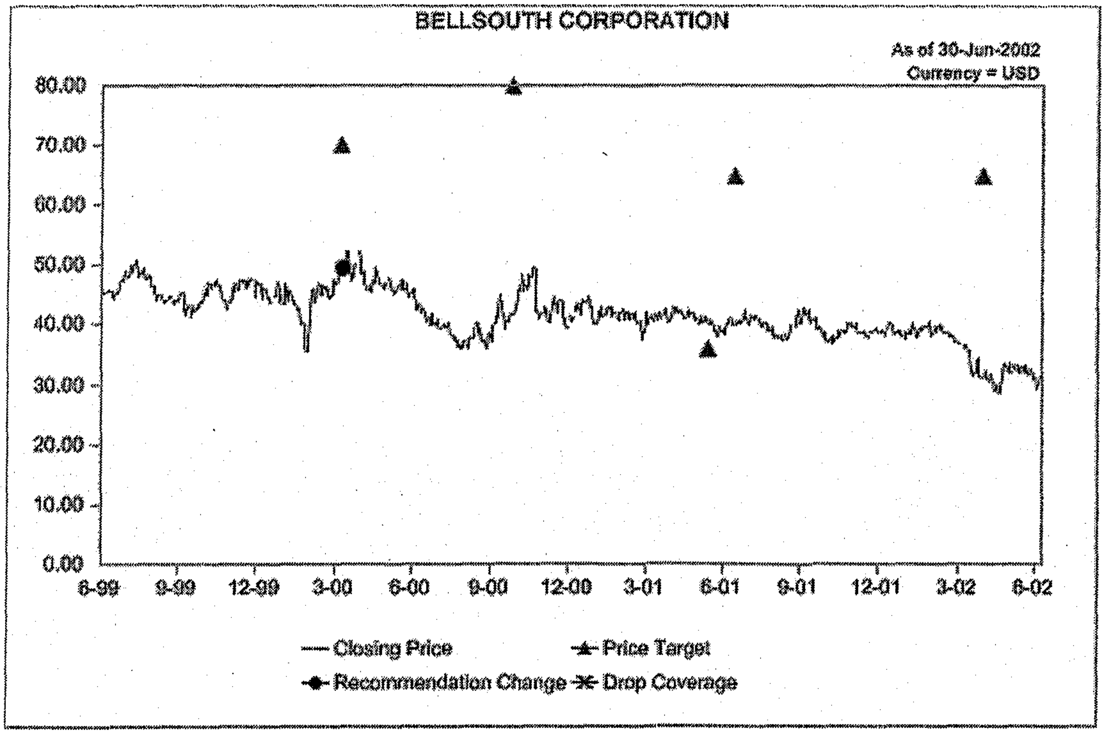
Related Tickers:	**Disclosures***	**Ticker**	**Price (9/11)**	**Rating**
WorldCom, Inc	D	WCOM	0.25	0-Not Rated

***PLEASE SEE DISCLOSURE LEGEND ON THE LAST PAGE**

Other Team Members:

R. Dale Lynch	1.202.452.4715	rlynch2@lehman.com
Sean P. Rourke	1.212.526.2125	srourke@lehman.com

Rating and Price Target Chart: BLS



Date	Closing Price	Rating	Price Target
22-Apr-02	$31.00		$65.00
06-Jul-01	$39.90		$65.00
07-Jun-01	$40.51		$36.00

Date	Closing Price	Rating	Price Target
20-Oct-00	$41.69		$80.00
06-Apr-00	$49.50	1-Buy	
05-Apr-00	$49.25		$70.00

FOR EXPLANATION OF RATINGS PLEASE REFER TO THE STOCK RATING KEYS LOCATED AT THE END OF THIS DOCUMENT

Disclosures:
The analysts responsible for preparing this report have received compensation based upon various factors including the Firm's total revenues, a portion of which is generated by investment banking activities.

A - Lehman Brothers Inc. and/or an affiliate managed or co-managed within the past 12 months a public offering of securities for this company.
D - Lehman Brothers Inc. and/or an affiliate has received compensation for investment banking services from the subject company within the past 12 months.

Risk Disclosure:
BLS: There are substantial risks to our BLS estimtates including (among others) 1) that a timely recovery in the business economy will not materialize, 2) that the price stabilization that we have witnessed within several product groups will not hold, 3) that the sentiment around the telecommunications sector will continue to depress valuation, 4) that our forecasts for revenues and profitability will prove too optimistic.

Key to Investment Opinions:

Stock Rating
1-Overweight - The stock is expected to outperform the unweighted expected total return of the industry sector over a 12-month investment horizon.
2-Equal weight - The stock is expected to perform in line with the unweighted expected total return of the industry sector over a 12-month investment horizon.
3-Underweight - The stock is expected to underperform the unweighted expected total return of the industry sector over a 12-month investment horizon.
RS-Rating Suspended - The rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Lehman Brothers is acting in an advisory capacity on a merger or strategic transaction involving the company.

Sector View
1-Positive - sector fundamentals/valuations are improving.
2-Neutral - sector fundamentals/valuations are steady, neither improving nor deteriorating.
3-Negative - sector fundamentals/valuations are deteriorating.

Stock Ratings From February 2001 to August 5, 2002 (sector view did not exist):
This is a guide to expected total return (price performance plus dividend) relative to the total return of the stock's local market over the next 12 months.
1-Strong Buy - expected to outperform the market by 15 or more percentage points.
2-Buy - expected to outperform the market by 5-15 percentage points.
3-Market Perform - expected to perform in line with the market, plus or minus 5 percentage points.
4-Market Underperform - expected to underperform the market by 5-15 percentage points.
5-Sell - expected to underperform the market by 15 or more percentage points.

Stock Ratings Prior to February 2001 (sector view did not exist):
1-Buy - expected to outperform the market by 15 or more percentage points.
2-Outperform - expected to outperform the market by 5-15 percentage points.
3-Neutral - expected to perform in line with the market, plus or minus 5 percentage points.
4-Underperform - expected to underperform the market by 5-15 percentage points.
5-Sell - expected to underperform the market by 15 or more percentage points.
V-Venture – return over multiyear timeframe consistent with venture capital; should only be held in a well diversified portfolio.

Distribution of Ratings:
Lehman Brothers Equity Research has 1435 companies under coverage.
32% have been assigned a 1-Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating, 29% of companies with this rating are investment banking clients of the Firm.
40% have been assigned a 2-Equal weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating, 11% of companies with this rating are investment banking clients of the Firm.
28% have been assigned a 3-Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating, 36% of companies with this rating are investment banking clients of the Firm.

Complete disclosure information on companies covered by Lehman Brothers Analysts is available at www.lehman.com/disclosures.

12:25pm BST 11-Sep-02 Bear Stearns International

Robert Fagin 212 272-4321 rfagin@bear.com
Mike McCormack, CFA 212 272-4117 mmccormack@bear.com

9/10/02

**BEAR, STEARNS & CO. INC.
EQUITY RESEARCH**

**SBC Communications Inc. (SBC 24.88) - Outperform
Highlights From Meeting With SBC Management**

Key Points

*** We met with SBC management today in New York. A full discussion follows.

*** UNE-P remains the most important issue affecting the company. Although competition in the Southwestern Bell territories is stable and predictable, Ameritech and California competitive access line losses will likely deteriorate further. SBC management is actively seeking relief in the form of increased (cost-based) wholesale UNE pricing.

*** SBC is investing in hopes of organically growing its enterprise market capability. However, management estimates that the company is at least 18 months away from having a meaningful enterprise market product set and five years from gaining traction in the marketplace. AT&T was identified by the company as the acquisition target of choice to speed market entry, but many hurdles exist.

*** Footprint and spectrum constraints are the major issues facing Cingular. Management believes that consolidation is critical and indicated that a transaction with AT&T Wireless appears to make the most sense. The main obstacles to a transaction are valuation and social/governance issues.

*** Rated Outperform. Target price: $32.

	GAAP Estimates					P/E
	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Year	Year
2001	$0.51A	$0.61A	$0.59A	$0.64A	$2.34A	10.6x
2002	$0.51A	$0.61A	$0.56E	$0.59E	$2.26E	11.0x
2003					$2.36E	10.5x

**PLEASE REFER TO THE LAST PAGE OF THIS REPORT FOR IMPORTANT DISCLOSURE INFORMATION

***Bear Stearns acted as a financial advisor to AOLTime Warner Inc. in its pending transaction with AT&T Corp. & Comcast Corp. involving the restructuring of Time Warner Entertainment.

Management Meeting Summary

The Company Expects Access Line Losses in California to Accelerate Due to Low UNE Prices and Delayed Long Distance Entry. SBC indicated that competition intensified in California after UNE rates were lowered in May. SBC expects to file a cost docket with the California PUC (CPUC) in hopes of raising UNE rates to what SBC believes is a cost-based rate. Management hopes that the CPUC would rule on the docket by year end. Management believes that competition will stabilize in California in 2003 if SBC receives a positive ruling on the rate case, and as the company gains long distance relief and begins offering a bundled product. The CPUC is now expected to vote on SBC's 271 application on September 19 and SBC would file with the FCC shortly thereafter. This would imply a late December/early January FCC ruling. SBC's current 2002 EPS guidance assumes no benefit from California long distance entry.

Intensifying Competition in the Ameritech Region Will Likely Continue Well Into 2003. Management cited high retail rates and low UNE rates as the key reasons for continued line losses in the region. The company estimates that UNE-P pricing in key Ameritech states is in the $14-$15 range, a rate that management contends is far below actual cost. According to management, approximately 70% of SBC's UNE-P growth and access line losses are in the Ameritech region. SBC does not expect to gain entry into key long distance markets in the Ameritech region until mid-2003, further exacerbating the situation.

Competitive Forces May Have Stabilized in the Southwestern Bell Region.
Competitive penetration of the region's local market has flattened in the 15%-20% range. SBC partly attributes the stabilization to its ability to offer long distance service as part of a bundle in all Southwestern Bell states. Also, management cited reasonably-priced UNE rates (in the $20 range). In contrast to California and the Ameritech region, SBC indicated that consumer revenue in the Southwestern Bell states actually increased 3% last quarter.

Economic Weakness is the Primary Cause of Business Access Line Losses. In contrast, management estimates that 78% of retail consumer access line loss is due to UNE-P with the balance due to the economy (less than 10%) and technology substitution.

SBC's Local Data Business Continues to Grow. Within local data, the high-end of the market is down about 5%, the government and SME markets are up in the double-digits, wholesale data is up 9%, but ISP business is down approximately 44%. Local data trends have not changed much since the end of 2Q02, according to management.

SBC is Pursuing an Organic Strategy to Attack the Enterprise Market ... For Now. Management believes that the company is 18 months away from having a meaningful enterprise product set and five years away from gaining significant market share. Management discussed possible acquisition targets to expedite market entry. Qwest, Broadwing, and WorldCom were deemed less attractive acquisition candidates. Sprint FON was identified as an attractive property but a relatively small customer base was noted. AT&T seemed to be the most attractive candidate to SBC, but the company cited DoJ hurdles in completing any deal. Specifically, SBC believes that it might have to divest AT&T Consumer customers in-region. In addition, AT&T's CLEC business and its small and medium-sized business customers could create problems with DoJ approval. SBC indicated that finding a buyer for those assets would be a challenge. Management believes that over time, margins in the large enterprise market will improve and pricing across most enterprise business products will be stable or increase.

No Anticipation of a Price War in Consumer Long Distance. SBC indicated (and we have observed) that RBOC pricing is in-line or higher than the IXCs'. Management believes that its ARPU and MOU will be relatively stable as the company penetrates markets where it has section 271 relief. SBC assumes that it can achieve 30% market share 12 months after entering a new market and is targeting a long run (3-4 years) penetration rate in the 60%-70% range.

Although Elusive, Wireless Consolidation Remains a Serious Consideration. Management identified spectrum depth and holes in its footprint as the key constraints for Cingular Wireless. The eventual rollout of national wireless data products exacerbate these concerns. SBC also identified duplicative capital investment as a key reason for consolidation. Management identified AT&T Wireless as a potential candidate, but cited valuation, governance, and other social issues as potential hurdles. VoiceStream was also mentioned, but valuation seems to be a stumbling block for now.

Other Notable Information:
excluding WorldCom, bad debt rates have been stable
WorldCom receivable is fully reserved; may see increased levels of bad debt associated with WorldCom due to approximately $200M of monthly products and services sales; expect cash payments from WorldCom to commence this week excess cash, including any cash associated with BCE's potential purchase of SBC's remaining 16% ownership in BCE (allowable from 10/15/02-11/15/02), will be used to reduce debt
pension income erosion will have a significant impact on future earnings

Our Price Target is $32. We base our objective on a P/E of 13.9x estimated 2002 EPS (a 25% discount to the market multiple). Our target reflects a 6.5x multiple of our estimate of SBC's proportional share of Cingular's 2002 EBITDA (in line with current market value for national wireless service providers), a 6.5x multiple on 2002E directory EBITDA, and a 5.5x EBITDA multiple on the core wireline unit.

Valuation Method For Target Price: Valuation is based on a 25% discount to the S&P 500 P/E multiple.

Ratings for Stocks (vs. analyst coverage universe):
Outperform (O) - Stock is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (P) - Stock is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (U) - Stock is projected to underperform analyst's industry coverage universe over the next 12 months.
Ratings for Sectors (vs. regional broader market index):
Market Overweight (MO) - Expect the industry to perform better than the primary market index for the region over the next 12 months.
Market Weight (MW) - Expect the industry to perform approximately in line with the primary market index for the region over the next 12 months.
Market Underweight (MU) - Expect the industry to underperform the primary market index for the region over the next 12 months.